

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 TRSE-00 EB-08 OMB-01 CIAE-00 INR-10

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7615

C O N F I D E N T I A L KHARTOUM 2715

E.O. 11652: GDS

TAGS: EFIN, SU

SUBJ: SUDANESE BUDGET

REF: (A) KHARTOUM 2569 (B) STATE 147565

1. WE TOO ARE SOMEWHAT PUZZLED BY THE PROCESS EMPLOYED BY SUDANGOV TO DETERMINE DEVELOPMENT BUDGET FOR 1978-79. METHOD OF DETERMINING DEVELOPMENT FUNDING IS NEW, PRESENTATION BY THE MINNATPLAN IS NOVEL, AND PEOPLE'S ASSEMBLY IS STILL FEELING ITS WAY AS A PLAYER IN THE BUDGET PROCESS. AS A RESULT, THE PARTICIPANTS IN THE PROCESS MAY WELL BE AS UNCERTAIN OF THE OUTCOME AS WE ARE. WE MANAGED TO CLARIFY SOMEWHAT THE SITUATION DESCRIBED REF A, AND WITHOUT STICKING OUT OUR NECK TOO FAR, SUGGEST THAT BUDGET STILL FOLLOWS A PATH REFLECTING RESTRAINT IN EXPENDITURE WHICH SHOULD MEET IMF REQUIREMENTS.

2. AS WE NOW UNDERSTAND SITUATION, MINFIN PRESENTED THE ACUTAL BUDGET PROPOSAL FOR DEVELOPMENT AND THE FIGURES HE OFFERED INDICATE THE AMOUNT WHICH THE MINFIN WILL PROVIDE TO MINNATPLAN FOR DEVELOPMENT EXPENDITURES. THIS BUDGET PROPOSAL IS NOW BEING DEBATED IN THE PEOPLE'S ASSEMBLY. THERE HAS BEEN SUBSTANTIAL CRITICISM OF THE BUDGET IN THE ASSEMBLY (MOST REPRESENTATIVES ARE LOOKING FOR MORE MONEY FOR THEIR OWN PROVINCES, ALTHOUGH MORE GENERAL CRITICISM  
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OF THE PROPOSAL'S INADEQUATE ATTENTION TO DEVELOPMENT HAS ALSO BEEN VOICED), AND DEBATE WILL LAST FOR AT LEAST ANOTHER WEEK. WHILE ASSEMBLY MEMBERS SEEM TO ENJOY OPPORTUNITY TO LAMBASTE VARIOUS GOVERNMENT PROGRAMS AND AIR THEIR GRIEVANCES IN A FORUM WHICH GARNERS THEM SUBSTANTIAL PUBLICITY, WE

EXPECT FINMIN'S BUDGET PROPOSAL TO BE APPROVED. APPROVAL

SHOULD COME SOMETIME AFTER JUNE 24.

3. ALONG WITH, BUT SEPARATE FROM, PRESENTATION OF THE GENERAL BUDGET EACH YEAR, MINNATPLAN IS REQUIRED TO PRESENT THE DEVELOPMENT PROGRAM TO THE PEOPLE'S ASSEMBLY. THIS YEAR HE CHOSE TO PRESENT THE PROGRAM ON THE SAME DAY AS THE FINMIN'S BUDGET SPEECH, AND INCLUDED HIS OWN ESTIMATE OF THE FUNDS NECESSARY TO CARRY OUT THIS PROGRAM. THIS CAUSED THE CONFUSION REPORTED REF A. WE DO NOT KNOW IF THIS ACTION WAS A PLOY BY THE MINNATPLAN, OR MERE HAPPENSTANCE. AT ANY RATE, PEOPLE'S ASSEMBLY HAS NOW APPROVED DEVELOPMENT PROGRAM. THE MINNATPLAN BUDGET FIGURES NOW BECOME THE 'RECOMMENDED' ONES FOR DEVELOPMENT, BUT ACTUAL EXPENDITURE WILL BE DETERMINED WHEN FINMIN BUDGET IS APPROVED. IN A SENSE THEN, MINNATPLAN FIGURES REPRESENT THE AUTHORIZATION FOR DEVELOPMENT PROGRAM; MINFIN FIGURES REPRESENT THE APPROPRIATION.

4. THIS MAY NOT BE THE END OF THE STORY THOUGH. THE MINISTER OF NATIONAL PLANNING CLOSED HIS SPEECH WITH THE FOLLOWING STATEMENT: "WE WILL SPARE NO EFFORTS AND LEAVE NO STONE UNTURNED IN A ZEALOUS PURSUIT TO INCREASE THE AVAILABLE RESOURCES FOR THE FULL EXECUTION OF THE PROPOSED PROGRAM FOR 1978-79, HOPING TO COME BACK TO YOUR ESTEEMED ASSEMBLY ASKING FOR THE ENACTMENT OF A LAW AUTHORIZING EXPENDITURE ON ADDITIONAL ALLOCATION..."  
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FINMIN, HOWEVER, HAS ELIMINATED SUPPLEMENTAL APPROPRIATIONS IN COMING FISCAL YEAR. ENACTMENT OF A LAW GRANTING SUPPLEMENT FOR DEVELOPMENT WOULD CIRCUMVENT THIS. FINMIN MAY WELL CARRY THE DAY, BUT MINNATPLAN CAN BE EXPECTED TO PRESS ITS CASE. SINCE PREPONDERANT SHARE OF DEVELOPMENT BUDGET MUST BE FINANCED BY CENTRAL BANK BORROWING, MINNATPLAN CAN ARGUE THAT A LARGER DEVELOPMENT BUDGET WILL MAKE LITTLE DIFFERENCE ONE WAY OR THE OTHER. IMPARTIAL WORLD BANK ADVISOR TO MINNATPLAN ALSO CONTENDS THAT MINFIN BUDGET FOR LOCAL CURRENCY DEVELOPMENT EXPENDITURES WILL BE INADEQUATE IF HOPED-FOR LEVEL OF FOREIGN CONTRIBUTION TO DEVELOPMENT PROGRAM MATERIALIZES. IF THIS IS TRUE, AND FOREIGN CONTRIBUTORS ARE FORTHCOMING, PRESSURE FOR INCREASE IN LOCAL 'MATCHING' FUNDS WILL BE VERY DIFFICULT.

5. IN A NUTSHELL, NIMERI CAN STILL CLAIM TO BE THE CHAMPION OF FISCAL RESTRAINT, BUT WITH RIGHT HOOKS AND LEFT JABS FROM A VARIETY OF INTERESTS LED BY MINNATPLAN, WE CANNOT SAY HOW LONG HE WILL WEAR THE CROWN.  
BERGUS

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## Message Attributes

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